

DECLARATION OF MICHAEL FINCH

1 Loren J. Harlow #105772
2 BAKER MANOCK & JENSEN, PC
3 5260 North Palm Avenue, Fourth Floor
4 Fresno, California 93704
5 Telephone: 559.432.5400
6 Facsimile: 559.432.5620

7
8 Attorneys for E and B Natural Resources Management Corp

9 BEFORE THE CALIFORNIA REGIONAL WATER QUALITY
10 CONTROL BOARD FOR THE CENTRAL VALLEY REGION

11 In the Matter of:

12 Consideration of Cleanup and Abatement
13 Order for E&B Natural Resources
14 Management Corp for the Gov't Lease, Poso
15 Creek Oil Field, Kern County.

DECLARATION OF MICHAEL FINCH

Date: June 4, 2015 and June 5, 2015
Time: 8:30 AM

16 I, Michael Finch, declare the following:

17 1. I am Vice President of HSE and Government Affairs for E&B Natural Resources
18 Management Corp (E&B Natural Resources), I make this declaration regarding the Consideration
19 of a Cleanup and Abatement Order (CAO) for E&B Natural Resources for the Gov't Lease, Poso
20 Creek Oil Field, Kern County . I am familiar with E&B Natural Resources standard practices for
21 preparation and retention of written records during its normal course of business. The Exhibits
22 attached to my declaration are contained within E&B Natural Resources records and were made
23 with knowledge of the act, event, condition, or opinion and recorded to make the record or to
24 transmit information thereof to be included in such record and the record was made at or near the
25 time or reasonably soon thereafter. This declaration is based upon my personal knowledge and/or
26 information and belief. If called upon to testify, I could and would competently testify to the
27 matters contained herein.

28 2. In August 2010, E&B Natural Resources acquired four leases within the
McVan Area of the Poso Creek Oil Field. These leases are: the Gov't lease (Section 14); the New

1 Hope (Section 11); the Enas fee (Section 15); and the Claflin (Section 10) all located within
2 T27S, R27E, MDB&M.

3 3. All production from the four leases is directed to the Gov't lease facility where
4 crude oil and produced water are separated in a process that does not include sumps. (E&B
5 Exhibit A)

6 4. After separation at the Gov't lease, the produced water is directed to the Enas fee
7 water facility and subsequently disposed of into three injection wells, either on the Enas fee (Enas
8 Fee WD1) or the Claflin lease (Claflin 12 and Claflin 10), permitted by Division of Oil, Gas,
9 Geothermal Resources, (DOGGR). (E&B Exhibit B)

10 5. In March, 2015, E&B Natural Resources provided a sample of production water
11 generated at the Gov't lease facility prior to disposal by injection to ZALCO Laboratories for
12 analysis. The water quality of the production water was as follows: Electrical Conductivity, 500
13 micromhos; Chloride, 56 mg/l; and Boron, 0.6 mg/l. (E&B Exhibit C)

14 5. When E&B Natural Resources acquired the McVan Area leases in the Poso
15 Creek Oil Field, two sumps on the Gov't lease were in the oil/water separation stream. (E&B
16 Exhibit D)

17 6. In December, 2012, E&B Natural Resources received approval (Sundry Notice)
18 by the United States Department of Interior, Bureau of Land Management (BLM) to remove tanks,
19 sumps, and associated facilities located on the Section 14 lease (Gov't lease) of the McVan Area of
20 the Poso Creek Oil Field. The approval contains numerous requirements including testing and
21 environmental safeguards. (E&B Exhibit E)

22 7. E&B Natural Resources has performed considerable work pursuant to the
23 approved Sundry Notice including removal of the sumps from the oil/water separation stream.
24 E&B Natural Resources has removed all valves and connections to prevent unauthorized
25 discharges as noted by Board staff in its December 11, 2014 inspection due to pumpers dewatering
26 stock tanks for sale into the sumps instead of circulating the water back into the wash tanks for
27 injection. Additional improvements include removal, replacement and upgrading of three tanks
28 near ponds 1 and 2, removal of nine decrepit production and ancillary tanks at the main Gov't

1 production facility and replacement and/or upgrading four production tanks as a part of the overall
2 demolition project. E&B has proposed a time line or schedule to complete remaining facility
3 improvements and sump closure by December 15, 2015 that requires both Board and BLM
4 approval. (E&B Exhibit F)

5 8. The Gov't Lease and the McVan Area were previously subject to regulation and
6 permits by the Board since at least January 26, 1979 through August 1996 for oil field production
7 waters discharged to an ephemeral stream tributary to Poso Creek.

8 a. *Rainbow Oil Company*. NPDES Permit No. CA 0078336 adopted on
9 January 26, 1979 .

10 b. *Elf Aquitaine Oil and Gas Inc.* Order No. 82-140, NPDES No. CA
11 0078336 adopted on December 1982. (E&B Exhibit G)

12 c. *Naftex Holdings, Ltd.* Order No. 94-213, NPDES Permit No. CA
13 0078336 adopted on August 5, 1994, Finding No 3 describes the operation of the Poso lease
14 including the operation of two in-series sumps that are described as "lined sumps". (E&B Exhibit
15 H)

16 d. *Bellaire Oil Company*, 1996. (E&B Exhibit I).

17 9. These Permits all contained effluent limitations implementing the Tulare Lake
18 Basin Salinity Standards for Specific Electrical Conductance, Chlorides and Boron.

19 10. Analyses submitted by Rainbow Oil Company, Elf Aquitaine Oil and Gas, Inc.
20 and Bellaire Oil Company pursuant to their NPDES permits to the Regional Board demonstrated
21 that the produced waster complied with all the salinity and oil and grease limits. (E&B Exhibit J)

22 11. In 1996, the Bureau of Land Management (BLM) rescinded all permits for
23 surface discharges to ephemeral streams . As a result, in February 1996, a four inch waste
24 disposal line was constructed to convey produced water from Section 14 to another water line on
25 Section 15 and subsequently to a water disposal well in Section 24 of the New Hope Lease. (E&B
26 Exhibit K)

27 ///

28 ///

1 12. Bellaire Oil Company informed the Board on August 16, 1996 that oil field
2 production water discharge to Poso Creek had ceased and the water was disposed of in an injection
3 well. (E&B Exhibit L)

4 13. E&B Natural Resources has an onsite water well for its water supply needs. A
5 well driller's report indicates that the well is 976 feet in depth. (E&B Exhibit M)

6 14. On April 14, 2015, E&B Natural Resources sampled its onsite well water and
7 attempted to collect a water sample from Sump #1 as defined in the Board's December 2014
8 inspection report. Since there was no water in the sump, E&B provided a water well sample to
9 Zalco Laboratories for analysis pursuant to Table 1 of the Tentative CAO. Zalco provided a
10 partial listing of constituents with the remainder to be provided by a contract laboratory. (E&B
11 Exhibit N)

12 15. On April 24, 2015, E&B Natural Resources examined the water well records at
13 the Kern County Water Agency (KCWA) to determine the number and locations of wells adjacent
14 to the Gov't lease. Three wells including E& B Natural Resources supply well were identified
15 within 1 mile radius of the Gov't lease. (E&B Exhibit O).

16 16. E&B Natural Resources retained Geosyntec Consultants to evaluate the Gov't
17 lease history, site hydrogeology, production water quality, and assess potential impacts to
18 groundwater quality from past operations to determine if the hydrogeologic characterization and
19 monitoring as required in the Tentative CAO was appropriate. (E&B Exhibit P)

20 17. Attached hereto as **Exhibit A** is a true and correct copy of Gov't lease flow
21 diagram.

22 18. Attached hereto as **Exhibit B** is a true and correct copy of permits issued for
23 injection wells by DOGGR.

24 19. Attached hereto as **Exhibit C** is a true and correct copy of a ZALCO
25 Laboratory test analysis for Gov't lease production water.

26 20. Attached hereto as **Exhibit D** is a true and correct copy a production flow
27 diagram prior to E&B lease purchase.

28 ///

1 21. Attached hereto as **Exhibit E** is a true and correct copy of an approved Sundry
2 Notice by the BLM.

3 22. Attached hereto as **Exhibit F** is a true and correct copy of E&B Natural
4 Resources proposed timeline for sump closure.

5 23. Attached hereto as **Exhibit G** is a true and correct copy of Order No. 82-140
6 for Elf Aquitaine Oil and Gas, Inc.

7 24. Attached hereto as **Exhibit H & I** is a true and correct copy of Order No. 94-
8 213 issued to Naftex Holding, Ltd and subsequently transferred to Bellaire Oil Company.

9 25. Attached hereto as **Exhibit J** is a true and correct copy of monitoring data
10 submitted to the Board pursuant to its Orders.

11 26. Attached hereto as **Exhibit K** is a true and correct copy of a notice to the
12 BLM regarding injection of Gov't lease production water.

13 27. Attached hereto as **Exhibit L** is a true and correct copy of a notice to the Board
14 ceasing discharge into the ephemeral stream and use of injection wells for the Gov't lease.

15 28. Attached hereto as **Exhibit M** is a true and correct copy of a well driller's log
16 of E&B Natural Resources supply well.

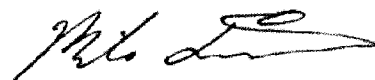
17 29. Attached hereto as **Exhibit N** is a true and correct copy of ZALCO water
18 analysis of E&B Natural Resources supply well.

19 30. Attached hereto as **Exhibit O** is a true and correct copy of an E&B Natural
20 Resources water supply well survey adjacent to the Gov't Lease.

21 31. Attached hereto as **Exhibit P** is a true and correct copy of a report prepared by
22 Geosyntec Consultants.

23 I declare under penalty of perjury under the laws of the State of California that the
24 foregoing is true and correct to the best of my knowledge.

25 Executed this 27 day of April, 2015, in Kern County, California

26 

27 Michael Finch, Declarant
28